Exhibit A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

DAVID KELLY,
Plaintiff,

v.

JEFFERIES GROUP, INC.,
and FRED OSTROVE,
Defendants.

CIVIL ACTION NO. _______

Removed from the District Court of
Dallas County, Texas
Cause No. DC-16-13823

INDEX OF DOCUMENTS FILED IN STATE COURT

NO.	DOCUMENT DESCRIPTION	DATE
1.	State Court Docket Sheet	
2.	Civil Case Information Sheet	10/24/2016
3.	Original Petition	10/24/2016
4.	Jury Demand	10/24/2016
5.	Issue Citation	10/24/2016
6.	Letter to Clerk from Plaintiff's Counsel	10/28/2016
7.	Return of Service	10/28/2016
8.	Issue of Citation	11/3/2016

Tab 1

Case Information

DC-16-13823 | DAVID KELLY vs. JEFFERIES GROUP INC, et al

Case Number	Court	File Date
DC-16-13823	192nd District Court	10/24/2016
Case Type	Case Status	
CNTR CNSMR COM DEBT	OPEN	

Party

PLAINTIFF
KELLY, DAVID

Active Attorneys
Lead Attorney
MALESOVAS, JOHN L
Retained

Work Phone
512-708-1777

Fax Phone
512-708-1779

DEFENDANT
JEFFERIES GROUP INC

Address
BY SERVING REGISTERD AGENT CT CORPORATION SYSTEM
1999 BRYAN STREET SUITE 900
DALLAS TX 75201

DEFENDANT
OSTROVE, FRED

Address
C/O JEFFERIES GROUP INC
520 MADISON AVENUE
NEW YORK NY 10022

Events and Hearings

10/24/2016 NEW CASE FILED (OCA) - CIVIL

10/24/2016 ORIGINAL PETITION

CIVIL CASE INFORMATION SHEET

ORIGINAL PETITION

10/24/2016 JURY DEMAND

JURY DEMAND

10/24/2016 ISSUE CITATION

ISSUE CITATION

10/26/2016 CITATION

Anticipated Server
ATTORNEY

Anticipated Method
Actual Server
PRIVATE PROCESS SERVER

Returned
11/01/2016
Comment
ATTY/ AO

10/28/2016 REQUEST FOR SERVICE

2016-10-28 Ltr to Clerk.pdf

10/28/2016 ISSUE CITATION

ISSUE CITATION

ISSUE CITATION

11/01/2016 RETURN OF SERVICE

RETURN OF SERVICE

Comment
CIT ISSUED TO JEFFERIES GROUP EXEC 10/28/16 PPS

11/03/2016 CITATION

Anticipated Server
ATTORNEY

Anticipated Method
Comment
SOS ATTY/CM

Financial

KELLY, DAVID

Total Financial Assessment	$389.00
Total Payments and Credits	$389.00

10/25/2016	Transaction Assessment			$349.00
10/25/2016	CREDIT CARD - TEXFILE (DC)	Receipt # 67703-2016-DCLK	KELLY, DAVID	($349.00)
10/31/2016	Transaction Assessment			$236.00
10/31/2016	CREDIT CARD - TEXFILE (DC)	Receipt # 68910-2016-DCLK	KELLY, DAVID	($236.00)
11/1/2016	Transaction Assessment			$0.00
10/31/2016	Transaction Assessment			$28.00

Documents

CIVIL CASE INFORMATION SHEET
ORIGINAL PETITION
JURY DEMAND
ISSUE CITATION
2016-10-28 Ltr to Clerk.pdf
RETURN OF SERVICE
ISSUE CITATION
ISSUE CITATION

Tab 2

CIVIL CASE INFORMATION SHEET

CAUSE NUMBER *(FOR CLERK USE ONLY)*: DC-16-13823 COURT *(FOR CLERK USE ONLY)*: ______________

STYLED DAVID KELLY V. JEFFERIES GROUP, INC. AND FRED OSTROVE

(e.g., John Smith v. All American Insurance Co; In re Mary Ann Jones; In the Matter of the Estate of George Jackson)

A civil case information sheet must be completed and submitted when an original petition or application is filed to initiate a new civil, family law, probate, or mental health case or when a post-judgment petition for modification or motion for enforcement is filed in a family law case. The information should be the best available at the time of filing.

1. Contact information for person completing case information sheet:

Name: John L. Malesovas

Email: john@malesovas.com

Address: 1801 S. Mopac Expressway Suite 320

Telephone: 512-708-1777

City/State/Zip: Austin, TX 78746

Fax: 512-708-1779

Signature: [signature]

State Bar No: 12857300

Names of parties in case:

Plaintiff(s)/Petitioner(s): David Kelly

Defendant(s)/Respondent(s): Jefferies Group, Inc. and Fred Ostrove

[Attach additional page as necessary to list all parties]

Person or entity completing sheet is:

- ☒ Attorney for Plaintiff/Petitioner
- ☐ *Pro Se* Plaintiff/Petitioner
- ☐ Title IV-D Agency
- ☐ Other: ______

Additional Parties in Child Support Case:

Custodial Parent: ______

Non-Custodial Parent: ______

Presumed Father: ______

2. Indicate case type, or identify the most important issue in the case *(select only 1)*:

Civil

Contract

Debt/Contract
- ☐ Consumer/DTPA
- ☐ Debt/Contract
- ☒ Fraud/Misrepresentation
- ☐ Other Debt/Contract: ______

Foreclosure
- ☐ Home Equity—Expedited
- ☐ Other Foreclosure
- ☐ Franchise
- ☐ Insurance
- ☐ Landlord/Tenant
- ☐ Non-Competition
- ☐ Partnership
- ☐ Other Contract: ______

Injury or Damage
- ☐ Assault/Battery
- ☐ Construction
- ☐ Defamation

Malpractice
- ☐ Accounting
- ☐ Legal
- ☐ Medical
- ☐ Other Professional Liability: ______
- ☐ Motor Vehicle Accident
- ☐ Premises

Product Liability
- ☐ Asbestos/Silica
- ☐ Other Product Liability List Product: ______
- ☐ Other Injury or Damage: ______

Real Property
- ☐ Eminent Domain/ Condemnation
- ☐ Partition
- ☐ Quiet Title
- ☐ Trespass to Try Title
- ☐ Other Property: ______

Related to Criminal Matters
- ☐ Expunction
- ☐ Judgment Nisi
- ☐ Non-Disclosure
- ☐ Seizure/Forfeiture
- ☐ Writ of Habeas Corpus—Pre-indictment
- ☐ Other: ______

Employment
- ☐ Discrimination
- ☐ Retaliation
- ☐ Termination
- ☐ Workers' Compensation
- ☐ Other Employment: ______

Other Civil
- ☐ Administrative Appeal
- ☐ Antitrust/Unfair Competition
- ☐ Code Violations
- ☐ Foreign Judgment
- ☐ Intellectual Property
- ☐ Lawyer Discipline
- ☐ Perpetuate Testimony
- ☐ Securities/Stock
- ☐ Tortious Interference
- ☐ Other: ______

Family Law

Marriage Relationship
- ☐ Annulment
- ☐ Declare Marriage Void

Divorce
- ☐ With Children
- ☐ No Children

Post-judgment Actions (non-Title IV-D)
- ☐ Enforcement
- ☐ Modification—Custody
- ☐ Modification—Other

Title IV-D
- ☐ Enforcement/Modification
- ☐ Paternity
- ☐ Reciprocals (UIFSA)
- ☐ Support Order

Other Family Law
- ☐ Enforce Foreign Judgment
- ☐ Habeas Corpus
- ☐ Name Change
- ☐ Protective Order
- ☐ Removal of Disabilities of Minority
- ☐ Other: ______

Parent-Child Relationship
- ☐ Adoption/Adoption with Termination
- ☐ Child Protection
- ☐ Child Support
- ☐ Custody or Visitation
- ☐ Gestational Parenting
- ☐ Grandparent Access
- ☐ Parentage/Paternity
- ☐ Termination of Parental Rights
- ☐ Other Parent-Child: ______

Tax
- ☐ Tax Appraisal
- ☐ Tax Delinquency
- ☐ Other Tax

Probate & Mental Health

Probate/Wills/Intestate Administration
- ☐ Dependent Administration
- ☐ Independent Administration
- ☐ Other Estate Proceedings
- ☐ Guardianship—Adult
- ☐ Guardianship—Minor
- ☐ Mental Health
- ☐ Other: ______

3. Indicate procedure or remedy, if applicable *(may select more than 1)*:

- ☐ Appeal from Municipal or Justice Court
- ☐ Arbitration-related
- ☐ Attachment
- ☐ Bill of Review
- ☐ Certiorari
- ☐ Class Action
- ☐ Declaratory Judgment
- ☐ Garnishment
- ☐ Interpleader
- ☐ License
- ☐ Mandamus
- ☐ Post-judgment
- ☐ Prejudgment Remedy
- ☐ Protective Order
- ☐ Receiver
- ☐ Sequestration
- ☐ Temporary Restraining Order/Injunction
- ☐ Turnover

4. Indicate damages sought *(do not select if it is a family law case)*:

- ☐ Less than $100,000, including damages of any kind, penalties, costs, expenses, pre-judgment interest, and attorney fees
- ☐ Less than $100,000 and non-monetary relief
- ☐ Over $100, 000 but not more than $200,000
- ☒ Over $200,000 but not more than $1,000,000
- ☐ Over $1,000,000

Tab 3

FILED
DALLAS COUNTY
10/24/2016 3:53:03 PM
FELICIA PITRE
DISTRICT CLERK
Marissa Pittman

DC-16-13823
NO. ______________

DAVID KELLY,	§	IN THE DISTRICT COURT
	§	
Plaintiff,	§	
	§	
v.	§	
	§	OF DALLAS COUNTY, TEXAS
JEFFERIES GROUP, INC. and FRED OSTROVE,	§	
	§	
	§	
Defendants.	§	_______ JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

COMES NOW Plaintiff, David Kelly ("Kelly") ("Plaintiff"), by and through his attorneys of record, for his Complaint against Defendants, Jefferies Group, Inc. ("Jefferies") and Fred Ostrove ("Ostrove") (collectively "Defendants"), hereby alleging as follows:

I.
DISCOVERY CONTROL PLAN

1.01 Plaintiffs hereby request that discovery be conducted under Level 3, pursuant to Texas Rule of Civil Procedure 190.4.

II.
PARTIES

2.01 Plaintiff, David Kelly, is an individual residing in Indian River County, Florida.

2.03 Defendant Jefferies Group, Inc. is a foreign corporation authorized to do and doing business in the State of Texas. Jefferies Group, Inc. has done business and committed torts in the State of Texas, which give rise to Plaintiff's claims. Jefferies Group, Inc. may be served with process by serving its registered agent for process in the State of Texas at the following address:

CT Corporation System
1999 Bryan Street, Suite 900
Dallas, Texas 75201

2.03 Defendant Fred Ostrove is an individual residing in the State of New York who has done business and committed torts in the State of Texas which give rise to Plaintiff's claims. Ostrove does not maintain a designated agent for service of process in the State of Texas, nor does he maintain a regular place of business in the State of Texas. Accordingly, the Secretary of State is an agent of service of process on Ostrove pursuant to Texas Civil Practice and Remedies Code Section 17.044(c). Plaintiff, therefore, requests that Ostrove be served according to that same provision, through the Secretary of State of the State of Texas, who shall be served with duplicate copies of process at the following address:

Fred Ostrove
c/o Office of the Secretary of State
Statutory Documents Section – Citation Unit
1019 Brazos Street
Austin, TX 78701

The Secretary of State is requested to forward by registered mail or certified mail, return receipt requested, a copy of the process, citation and complaint to his principal place of business as follows:

Fred Ostrove
Jefferies Group, Inc.
520 Madison Ave.
New York, NY 10022

III.
AGENCY

3.01 Ostrove was acting as the employee, agent and authorized representative of Jefferies with the express or implied authority to engage in the acts complained of, and Jefferies subsequently benefited financially from those acts and ratified the conduct.

3.02 Unless otherwise stated herein, whenever it is alleged in this pleading that Jefferies committed an act, made a representation or statement, failed to perform an act, or failed to make a statement, it means that Jefferies was acting or failing to act through its authorized agents, partners, employees, and/or Defendant Ostrove, who was acting with either express, implied, apparent and/or ostensible authority, and that Defendant Jefferies subsequently ratified and benefited financially from these acts, failures to act, representations, statements or conduct.

IV.
JURISDICTION AND VENUE

4.01 Subject matter jurisdiction is properly vested in this Court.

4.02 This Court also has personal jurisdiction, both general and specific, over all of the Defendants. Defendant Jefferies Group, Inc. has its principal office for business in Dallas, Texas. Defendant Ostrove has continuously and systematically engaged in business in Texas. All Defendants have purposefully availed themselves of the privileges and benefits of conducting business in Texas, have engaged in substantial business transactions in Texas in connection with Plaintiff' investment at issue and as such, are subject to personal jurisdiction in this State.

4.03 All Defendants' activities have been directed to Texas, and this ligation has resulted from the injuries that arise out of or relate to these activities. Defendants committed torts, which are the subject of this action, in whole or in part in Texas and otherwise transacted business in Texas. Therefore, this lawsuit has been properly filed in Texas state court in Dallas County, Texas.

4.04 Venue is proper in Dallas County, Texas as to all Defendants pursuant to CPRC Section 15.005 because venue is proper in Dallas County, Texas as to at least one Defendant, and all claims and actions arise out of the same series of transactions and occurrences. Venue is also proper in Dallas County, Texas because Jefferies has its principal office for business in Texas located in Dallas County, Texas. Finally, venue is proper in Dallas County, Texas because a substantial part of the facts relating to at least one claim occurred in Dallas County, Texas.

4.05 Damages sought by Plaintiffs are within the jurisdictional limits of the court. Plaintiffs seek monetary relief over $200,000 but no more than $1,000,000.

V.
FACTUAL BACKGROUND

5.01 Defendant Jefferies is a Dallas-based firm that specializes in brokering securities. Ostrove was an employee, agent and authorized representative of Jefferies who represented Jefferies in its dealings with Plaintiff.

5.02 Since 2006, Ostrove had been Plaintiff's financial adviser and investment broker. Plaintiff had been accustomed to relying on Ostrove's guidance and support and at all relevant times placed trust and confidence in Ostrove's judgment and advice.

5.03 In or around 2010, Ostrove began soliciting Plaintiff with an investment opportunity and represented that it was a safe, low risk investment which could lead to significant profits for Plaintiff.

5.04 Specifically, Defendant Ostrove recommended Plaintiff invest in the privately owned company, Palmaz Scientific Inc. ("PSI"), which is based in Dallas, Texas. PSI holds itself out as a company that develops and manufactures biotechnology whose business is related to the development and manufacturing of medical equipment, including medical stents.

5.05 Ostrove represented to Plaintiff that he had done his due diligence in PSI and that, based on his findings, Plaintiff should invest in PSI based on his research.

5.06 Ostrove further represented to Plaintiff that PSI were unrivaled experts in creating and selling state-of-the-art technology and passed along to Plaintiff PPMs along with private offerings from PSI supporting these representations. As an example, Ostrove represented to Plaintiff that PSI owned over a hundred patents regarding top of the line medical stents that PSI had commercialized and would further be commercializing with Plaintiff's contributions.

Ostrove also lead Plaintiff to believe that PSI was generating major cash flow and that it would materially sustain its operation. Ostrove also lead Plaintiff to believe that PSI would likely merge with a major and successful pharmaceutical company. Ostrove claimed that PSI was conducting clinical trials in South America which would significantly boost the value of the company.

5.07 Another key selling point to induce Plaintiff's investment was the pitch regarding PSI's management team and Board members, including non-party Steven Solomon – the then CEO of PSI. Ostrove represented that he was personally acquainted with Solomon and that Solomon was a person of the highest integrity, was highly skilled, and had been a top executive who achieved unfettered success for several public and private companies for more than twenty (20) years.

5.08 In 2010, at the direction of Defendants and in reliance on the representations made by Defendants, Plaintiff Kelly purchased $200,000 worth of preferred stock in PSI. Unfortunately for Plaintiff, the representations made by Defendants regarding the investment in PSI were utterly and completely false.

5.09 In reality, Defendants made numerous misrepresentations and/or failed to disclose material facts related to PSI, its background, its officers and overall financial condition. Defendants failed to disclose to Plaintiff that PSI's financial condition was and had been in complete shambles. For the several years, both prior to 2010 and after 2010, PSI had realized significant financial losses and had failed to even commercialize many of the products it purported to be selling. Defendants failed to properly disclose and/or concealed these facts to Plaintiff.

5.10 Moreover, Defendants both affirmatively misrepresented and/or failed to disclose facts pertaining to PSI's purported intellectual property portfolio and ownership as well as its existing obligations under contracts with third parties. For example, several trademarks concerning the "state-of-the-art" technology PSI was purportedly commercializing had actually been abandoned. Also, Defendants failed to disclose to Plaintiff that PSI owed significant contractual obligations to compensate third-parties. For example, unbeknownst to Plaintiff, non-party Chris Boyles had a significant interest in certain assets of PSI. In fact, PSI undertook a $3,700,000 obligation in 2014 as the result of a lawsuit brought by Boyles for violating his contractual rights. Defendants failed to properly disclose these facts to Plaintiff.

5.11 Defendants also failed to disclose to Plaintiff that PSI was paying its officers grossly inflated salaries from Plaintiff's contributions. This is even more egregious considering that the financial condition of PSI continued to deteriorate due to a lack of revenue caused, in part, by PSI's failure to manufacture or commercialize any medical equipment.

5.12 Defendants' representations regarding the background and qualifications of Solomon were also not true. Defendants failed to disclose material facts pertaining to Solomon's history, including the fact that Solomon: 1) had been sued on multiple occasions, including in a putative shareholder class action for securities fraud as an officer of Citadel Security Software Inc.; 2) had previously filed bankruptcy; 3) had his FINRA broker registration terminated; and 4) was fined by FINRA in response to allegations he wrongfully authorized the transfer of funds from an account of a public customer to his own account.

5.13 In August of 2015, for the first time since Defendants induced Plaintiff's investment in PSI, Plaintiff was notified by PSI that its financial condition was in dire straits. Specifically, PSI notified Plaintiff that the company had minimal cash, no revenue and mounting debts. To make matters worse, Solomon was also suspiciously resigning from PSI to “pursue other opportunities.”

5.14 In March of 2016, PSI filed for Chapter 11 bankruptcy. On information and belief, both PSI and Solomon are now under investigation by the SEC.

5.15 In reality, Plaintiff has never known the true value, status or the true history of his investment. To date, Plaintiff has not been provided adequate financial statements, performance records, closing statements, and/or anything of the like in regards to his investment in PSI. Moreover, after inducing Plaintiff to invest in PSI, Defendants never disclosed these and other material adverse facts to Plaintiff and continued to manage his investment while failing to reflect the true facts in the PPMs and other company disclosures under the securities laws.

5.15 Additionally, Plaintiff’s preferred stock investment was summarily converted to common stock and thereby materially impacting Plaintiff’s standing in any bankruptcy proceeding. Defendants never advised Plaintiff that this was possible under the terms of the offering. Indeed, Defendant Ostrove appeared ignorant of this possibility.

5.16 By placing his trust, confidence and money into the hands of Defendants, Plaintiff has endured staggering losses. In fact, Plaintiff’s entire investment in PSI has been lost, resulting in losses to Plaintiff exceeding $200,000.

VI.
FIRST CLAIM FOR RELIEF - VIOLATION OF THE TEXAS SECURITIES ACT

6.01 Plaintiff incorporates by reference Sections I through V, as though fully set forth herein.

6.02 Defendants violated Section 33 of the Texas Securities Act.

6.03 Defendants sold and offered to sell securities by means of untrue statements of material fact and by omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

6.04 Plaintiff did not know of the untruths or omissions and even in the exercise of reasonable care could not have known of the untruth or omission.

6.05 Defendants are, therefore, liable to Plaintiff for rescission for the securities still owned by Plaintiff and for damages for the securities no longer owned by Plaintiff. Plaintiff is also entitled to costs of court and reasonable attorney's fees.

VII.
SECOND CLAIM FOR RELIEF - STATUTORY FRAUD

7.01 Plaintiff incorporates by reference Sections I through VI, as though fully set forth herein.

7.02 Additionally, and/or in the alternative, Defendants violated Chapter 27 of the Texas Business and Commerce Code.

7.03 On information and belief, Defendants made several false representations of a past or existing material fact to induce Plaintiff into entering into the Subscription Agreements, and Plaintiff relied on Defendants when entering into the Subscription Agreements.

7.04 As a result of Defendants' violation of Chapter 27.01 of the Business and Commerce Code, Plaintiff is entitled to actual damages.

7.05 Plaintiff is also entitled to reasonable and necessary attorney's fees, expert witness fees, costs for copies of depositions, and costs of court.

VIII.
THIRD CLAIM FOR RELIEF - BREACH OF FIDUCIARY DUTY

8.01 Plaintiff incorporates by reference Section I through VII, as though fully set forth herein.

8.02 Additionally, and/or in the alternative, at all times, Defendants were agents, advisors and fiduciaries of Plaintiff with respect to the purchase, management, and disbursement of funds relating to Plaintiff's investment in PSI. Moreover, a history and a relationship of trust and confidence existed between the Plaintiff and Defendants.

8.03 Defendants owed fiduciary duties to Plaintiff, including the following: (a) a duty of good faith and loyalty; (b) a duty to act with reasonable diligence in fulfilling the terms of their agency; (c) a duty to exercise such skill as is ordinarily possessed by persons in Defendants' business; (d) a duty of full disclosure; (e) a duty to use care with respect to Plaintiff's investment; (e) to act impartially and to not usurp their own welfare for that of Plaintiff; (f) a duty of candor; and (g) a duty to act with integrity of the strictest kind.

8.03 Defendants breached their fiduciary duties to Plaintiff through several acts, including but not limited to, the following:

a.) Failing to disclose material facts related to PSI's medical devices, its officer backgrounds, financial dealings, financial condition, securities history, prior litigation history, and other material facts related to PSI;

b.) Failing to disclose the full extent of fees, commissions and profits being realized by PSI in the sale of the stock and in the sale of the stock sold to the Plaintiff;

c.) Presenting Plaintiff with Private Placement Memoranda that contained numerous misleading and false statements concerning PSI;

d.) Failing to reveal the lack of management oversight over the officers and agents of PSI;

e.) Failing to disclose PSI's intended use of the funds obtained from Plaintiff;

f.) Failing to disclose PSI's contractual obligations;

g.) Failing to disclose PSI's debts;

h.) Failing to disclose litigation in which PSI was involved;

i.) Failing to disclose PSI's trademark abandonments;

j.) Failing to disclose the intended and actual repurchase of shareholder shares;

k.) Inducing Plaintiff's investment into PSI in order to receive substantial commissions without regard to the above acts;

l.) Failing to disclose that PSI was paying its officers grossly inflated salaries.

m.) Failing to exercise initial, and ongoing, due diligence with respect to the financial management of Plaintiff's investment.

8.04 Additionally, Defendant Jefferies further breached its duties to Plaintiff in the following ways:

a.) In that any of the above breaches of fiduciary duties committed by Ostrove were committed while he was acting as an agent and employee of Jefferies and while he was acting within the scope of said employment;

b.) Jefferies failed to supervise the conduct of Ostrove in connection with his advice and management of Plaintiff's funds;

c.) Jefferies failed to have proper protocols and rules in place regarding the giving of advice and services to Plaintiff regarding his investment.

8.05 As a result of Defendants' breaches of fiduciary duties, Plaintiff has collectively suffered severe monetary harm exceeding $200,000 plus costs and interests. Plaintiff is also entitled to exemplary or punitive damages, disgorgement of Defendants' profits, benefit of the bargain damages and constructive trust.

IX.
FOURTH CLAIM FOR RELIEF - NEGLIGENT MISREPRESENTATION

9.01 Plaintiff incorporates by reference Sections I through VIII, as though fully set forth herein.

9.02 Additionally, and/or in the alternative, Defendants supplied Plaintiff with false information and/or negligently failed to fully and adequately inform Plaintiff of material facts when they were duty-bound to do so. Defendants also failed to use reasonable care in obtaining and/or communicating this information. These misrepresentations, both affirmative and by omission, were made in the course of Defendants' business and/or in transactions in which Defendants had a financial interest. The misrepresentations regarded the structure, legitimacy, viability and assurance of success regarding Plaintiff's investment in PSI, as well as Defendants' role in the safekeeping, managing, monitoring and carrying out the disposition of said investment. These misrepresentations included, but were not limited to:

a.) Failing to disclose material facts related to PSI's medical devices, its officer backgrounds, financial dealings, financial condition, securities history, prior litigation history, and other material facts related to PSI;

b.) Failing to properly disclose the full extent of fees, commissions and profits being realized by PSI in the sale of the stock and in the sale of the stock sold to the Plaintiff;

c.) Presenting Plaintiff with Private Placement Memoranda that contained numerous misleading and false statements concerning PSI;

d.) Failing to reveal the lack of management oversight over the officers and agents of PSI;

e.) Failing to disclose the company's intended use of the funds obtained from Plaintiff;

f.) Failing to disclose the company's contractual obligations;

g.) Failing to disclose the company's debts;

h.) Failing to disclose litigation in which the company was involved;

i.) Failing to disclose PSI's trademark abandonments;

j.) Failing to disclose the intended and actual repurchase of shareholder shares;

k.) Failing to disclose that PSI was paying its officers grossly inflated salaries.

l.) Failing to exercise initial, and ongoing, due diligence with respect to the financial management of Plaintiff's investment.

9.03 The misrepresentations were material in that Plaintiff's decision to participate in these investments would not have been made in the absence of the misrepresentations.

9.04 Due to Defendants' credibility, experience, and stature in the industry, as well as Plaintiff's confidential relationship with Defendants, Plaintiff actually and justifiably relied on the misrepresentations by contracting with the Defendants for their services, by entering into the investment, and by contributing substantial amounts of monies to these investments.

9.05 As a result of Defendants' negligent misrepresentations, Plaintiff has suffered severe monetary harm exceeding $200,000 plus costs and interest. Plaintiff is also entitled to exemplary or punitive damages.

X.
FIFTH CLAIM FOR RELIEF – PROFESSIONAL NEGLIGENCE

10.01 Plaintiff incorporates by reference Sections I through IX, as though fully set forth herein.

10.02 In the course of their employment and business with Plaintiff in which they had a pecuniary interest, Defendants issued false information for the guidance of Plaintiff and failed to exercise reasonable care or competence in obtaining this information when they were duty bound to do so. Furthermore, to the extent Defendants discovered they had provided false information for the guidance of Plaintiff, they failed to communicate this material information to Plaintiff when they were duty bound to do so. Plaintiff justifiably relied on Defendants' false information to his detriment.

10.03 Plaintiff is among the limited group of individuals intended to be supplied the benefit and guidance of Defendants' information. Furthermore, Defendants intended and/or knew or should have known that Plaintiff would rely on this false information.

10.04 Based on Defendants' negligence, Plaintiff has suffered severe monetary harm of exceeding $200,000 plus costs and interest.

XI.
JURY DEMAND

11.01 In accordance with Rule 216 of the Texas Rules of Civil Procedure, Plaintiff demands a trial by jury. Simultaneously with the filing of this demand, a jury fee is being paid on behalf of Plaintiff.

XII.
PRAYER FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that upon final notice and hearing as required by law, Plaintiff recovers against Defendants, jointly and severally, judgment as follows:

a. An accounting of Plaintiff's cash accounts held by Defendants;

b. Actual damages;

c. Punitive or exemplary damages;

d. Constructive trust;

e. Disgorgement of profits;

f. Benefit of the bargain damages;

g. Pre-judgment interest as allowed by law;

h. Post-judgment interest as allowed by law;

i. Expert witness fees;

j. Costs for copies of depositions;

k. Costs of court; and

j. Such other and further relief as the Court deems appropriate.

Respectfully submitted,

John L. Malesovas
Malesovas Law Firm
State Bar No. 12857300
1801 South Mopac Expressway, Suite 320
Austin, TX 78746
Telephone: (512) 708-1777
Telecopier: (512) 708-1779
john@malesovas.com

ATTORNEY FOR PLAINTIFF

Tab 4

FELICIA PITRE
DALLAS COUNTY DISTRICT CLERK

NINA MOUNTIQUE
CHIEF DEPUTY

CAUSE NO. DC-16-13823

DAVID KELLY

vs.

JEFFERIES GROUP INC, et al

192nd District Court

ENTER DEMAND FOR JURY

JURY FEE PAID BY: DAVID KELLY

FEE PAID: 40

Tab 5

FORM NO. 353-3 - CITATION

THE STATE OF TEXAS

To:

JEFFERIES GROUP INC
BY SERVING REGISTERD AGENT CT CORPORATION SYSTEM
1999 BRYAN STREET SUITE 900
DALLAS TX 75201

GREETINGS:
You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10 o'clock a.m. of the Monday next following the expiration of twenty days after you were served this citation and petition, a default judgment may be taken against you. Your answer should be addressed to the clerk of the **192nd District Court** at 600 Commerce Street, Ste. 101, Dallas, Texas 75202.

Said Plaintiff being **DAVID KELLY**

Filed in said Court **24th day of October, 2016** against

JEFFERIES GROUP INC & FRED OSTROVE

For Suit, said suit being numbered **DC-16-13823,** the nature of which demand is as follows:
Suit on **CNTR CNSMR COM DEBT** etc. as shown on said petition, a copy of which accompanies this citation. If this citation is not served, it shall be returned unexecuted.

WITNESS: FELICIA PITRE, Clerk of the District Courts of Dallas, County Texas.
Given under my hand and the Seal of said Court at office this 26th day of October, 2016.

ATTEST: FELICIA PITRE, Clerk of the District Courts of Dallas, County, Texas

By *Alex Opland*, Deputy
ALEXANDER OPLAND

DISTRICT COURT OF DALLAS COUNTY, TEXAS

ATTY

CITATION

DC-16-13823

DAVID KELLY
vs.
JEFFERIES GROUP INC, et al

ISSUED THIS
26th day of October, 2016

FELICIA PITRE
Clerk District Courts,
Dallas County, Texas

By: ALEXANDER OPLAND, Deputy

Attorney for Plaintiff
JOHN L MALESOVAS
MALESOVAS LAW FIRM
1801 SOUTH MOPAC EXPWY
SUITE 320
AUSTIN TX 78746
512-708-1777

DALLAS COUNTY CONSTABLE

FEES PAID	**FEES NOT PAID**

Tab 6

FILED
DALLAS COUNTY
10/28/2016 3:45:09 PM
FELICIA PITRE
DISTRICT CLERK

Marissa Pittman

John L. Malesovas
Board Certified-Civil Trial Law
Board Certified-Consumer
and Commercial Law
Texas Board of Legal Specialization
Certified Public Accountant
Texas State Board of Public Accountancy

MALESOVAS LAW FIRM
1801 South Mopac Expressway
Suite 320
AUSTIN, TEXAS 78746
Phone (512) 708-1777
Fax (512) 708-1779
www.malesovas.com

October 28, 2016

Via E-File
Rhonda Burks, Chief Clerk
192nd District Court
George L. Allen, Sr. Courts Building
600 Commerce Street, Box 740
Dallas, TX 75202

Re: No. DC-16-13823; *David Kelly v. Jefferies Group, Inc. and Fred Ostrove;* 192nd Judicial District Court

Dear Ms. Burks:

Please prepare citation as follows:

1. Fred Ostrove
c/o Office of the Secretary of State
Statutory Documents Section – Citation Unit
1019 Brazos Street
Austin, TX 78701

2. Fred Ostrove
Jefferies Group, Inc.
520 Madison Avenue
New York, NY 10022

We will have a process server pick up the citation. If you have any questions, please do not hesitate to call. Thank you for your assistance.

Sincerely,

John L. Malesovas

JLM/co

Tab 7

CAUSE NO. DC-16-13823

DAVID KELLY	§	**IN THE DISTRICT COURT**
	§	
Plaintiff,	§	
VS.	§	**192ND JUDICIAL DISTRICT**
JEFFERIES GROUP, INC. AND FRED OSTROVE	§ §	
	§	
Defendants.	§	**DALLAS COUNTY, TEXAS**

RETURN OF SERVICE

Came to my hand on **Friday, October 28, 2016 at 1:32 PM,**
Executed at: **1999 BRYAN STREET SUITE 900, DALLAS, TEXAS 75201**
within the county of **DALLAS** at **2:45 PM,** on **Friday, October 28, 2016,**
by individually and personally delivering to the within named:

JEFFERIES GROUP, INC.

By delivering to its **Registered Agent, CT CORPORATION SYSTEM**
By delivering to its **Authorized Agent, LAURA PEREZ**
a true copy of this

CITATION and PLAINTIFF'S ORIGINAL PETITION

having first endorsed thereon the date of the delivery.

BEFORE ME, the undersigned authority, on this day personally appeared **Adil Tadli** who after being duly sworn on oath states: "My name is **Adil Tadli**. I am a person over eighteen (18) years of age and I am competent to make this affidavit. I am a resident of the State of Texas. I have personal knowledge of the facts and statements contained in this affidavit and aver that each is true and correct. I am not a party to this suit nor related or affiliated with any herein, and have no interest in the outcome of the suit. I have never been convicted of a felony or of a misdemeanor involving moral turpitude. I am familiar with the Texas Rules of Civil Procedure, and the Texas Practice and Remedies Codes as they apply to service of process. I am approved by the Supreme Court of Texas, Misc. Docket No. 05-9122 under Rule 103 and 501.2 of the TRCP to deliver citations and other notices from any District, County and Justice Courts in and for the State of Texas."

Adil Tadli

Of: **Dallas County**

By: ______________________
Authorized Person - SCH1206 - Exp 05/31/17

Subscribed and Sworn to by Adil Tadli, Before Me, the undersigned authority, on this 31ST day of October, 2016.

____
Notary Public in and for the State of Texas

GAIL ROESLE
Notary Public
STATE OF TEXAS
ID#126810380
My Comm. Exp. April 12, 2017

Tab 8

FORM NO. 353-4—CITATION
~~THE STATE OF TEXAS~~

SOS (SOS)

To: FRED OSTROVE
BY SERVING THE SECRETARY OF STATE
OFFICE OF THE SECRETARY OF STATE
CITATIONS UNIT - P.O. BOX 12079
AUSTIN, TX, 78711

GREETINGS:
You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10 o'clock a.m. of the Monday next following the expiration of twenty days after you were served this citation and petition, a default judgment may be taken against you.
Your answer should be addressed to the clerk of the **192nd District Court** at 600 Commerce Street, Dallas, Texas 75202.

Said **PLAINTIFF** being **DAVID KELLY**

Filed in said Court 24th day of October, 2016 against
JEFFERIES GROUP INC

For suit, said suit being numbered **DC-16-13823** the nature of which demand is as follows:
Suit On **CNTR CNSMR COM DEBT** etc.
as shown on said petition, a copy of which accompanies this citation. If this citation is not served, it shall be returned unexecuted.

WITNESS: FELICIA PITRE, Clerk of the District Courts of Dallas, County Texas.
Given under my hand and the Seal of said Court at office **on this the 3rd day of November, 2016**
ATTEST: FELICIA PITRE
Clerk of the District Courts of Dallas, County, Texas

By ________________, Deputy
CARMEN MOORER

DISTRICT COURT OF DALLAS COUNTY, TEXAS

CITATION

No.: **DC-16-13823**

DAVID KELLY
VS.
JEFFERIES GROUP INC, ET AL

ISSUED
ON THIS THE 3RD DAY OF NOVEMBER, 2016

FELICIA PITRE
Clerk District Courts,
Dallas County, Texas

By **CARMEN MOORER**, Deputy

Attorney for : Plaintiff
JOHN L MALESOVAS
MALESOVAS LAW FIRM
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AUSTIN TX 78746
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